

## **Historic, archived document**

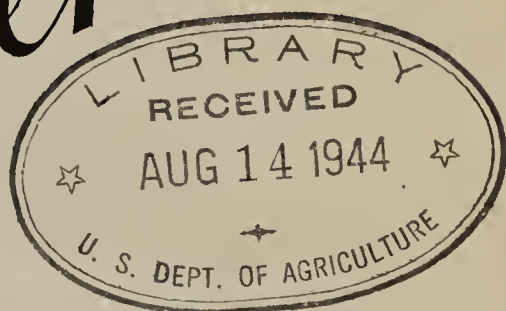
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ASSURED

FARM  
INCOME

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Through  
Cooperation











# WHEN YOU TAKE OUT CROP INSURANCE ON YOUR WHEAT YOU CAN BE SURE OF TWO THINGS:

**1** You will have wheat to sell every year no matter what happens to your wheat crop between seeding and harvest.

**2** You are cooperating with fellow wheat growers to make the wheat industry a safer, more stable business.

In pioneer days the farm communities of this country depended on the close cooperation of their members for their very existence. It was clearly realized that the stern job of conquering the wilderness was not a one-man task.

This cooperative spirit was demonstrated in many ways. When a family's house burned, the community gathered for a "house-raising" to replace the lost home, thus absorbing in the whole community a loss that might defeat the individual. Or if some unforeseen accident destroyed a farmer's crop, others in the community might "chip in" a small part of their harvest to provide the unfortunate family with food for the year and seed for a new crop.

There was nothing of charity in these community efforts. They were brought about by the knowledge that the community could survive only as long as it presented a common defense to its enemies, whether they be savages, fire, or crop failure. Each individual was expected to do his part.

With the development of our modern civilization, in which people are highly specialized in their particular pursuits, the old form of simple cooperation has died out, but the principle upon which it was based still carries on—with increasing importance. Farmers over the Nation use the principle of cooperation in buying the things they need and in selling their products; they group together for cooperative use of credit; they form cooperative organizations to handle projects such as irrigation where the problem is too large for the individual to solve.

Modern insurance is a form of cooperation.

Today, when a neighbor's house burns down, the community does not gather to contribute direct labor to rebuilding it. Instead, the owner's investment in his home may be protected by an insurance policy. But it is still cooperation. For in effect many members of the community have contributed the funds with

which the house is rebuilt in the form of premium payments they have made on similar insurance policies. Indirectly, they have contributed some of their labor to protect their neighbor against loss.

One important gap has been left open, however, in the application of modern insurance: Until recently the farmer could not insure his growing crops, the primary source of his income. When some accident wiped away his crops, he was left without even as much protection as in the early days when his neighbors felt it their duty to fill up his granary if they had grain.

To remedy this situation, the Federal Crop Insurance Corporation was established by the Federal government to test out the principles of insurance on growing crops. Its program is really an extension of that old community spirit, since under this insurance plan the wheat growers of the nation may set aside a part of their good crops for those unfortunate members of the industry who may lose their crops through no fault of their own. There is no charity about it; it is strictly a business proposition whereby each farmer pays for protection exactly what it costs.

The need for some form of cooperative protection of growing crops has been demonstrated time and again by widespread crop failures which have taken an average toll of 300 million bushels of wheat a year, bringing financial distress to thousands of farmers and instability to their communities. Unavoidable crop failures, such as those caused by drought, hail, flood, winterkill, insect invasions, etc., have caused many farmers to lose their life's investment in a farm, have increased tenancy, undermined the standard of living, and have weakened the community with delinquent taxes, heavy relief costs, and misuse of the land on the part of desperate growers who were unable to finance good farming methods. Crop failure is not only the problem of the individual farmer; it is also the problem of our Nation as a whole.

# THE ESSENTIALS OF THE CROP INSURANCE PROGRAM ARE:

- 1** A grower may buy a crop insurance policy which will insure him of 50 or 75 percent of his average yield. This protection is "all-risk," meaning that if the grower suffers a loss from any unavoidable hazard such as drought, winterkill, insects, plant disease, the insurance contract covers it.
- 2** The premium the grower pays for all-risk crop insurance is based on the actual risk of growing wheat on his farm as shown by the history or appraisal of his farm and county yields for the 13-year period, 1926-38.
- 3** Premiums paid in by farmers are invested in a stored wheat reserve. The primary purpose of this reserve is to meet the losses of insured growers; but wheat in the reserve is definitely off the market except when needed to pay such losses. Thus, in effect, the grower may use surplus wheat of his good years to make sure that he will have wheat to sell in the lean years that are sure to come in the future.
- 4** When a grower suffers a loss, he is entitled to draw an indemnity from the reserve sufficient to bring his total production up to the insured amount. This means that an insured grower will always be sure of at least 50 or 75 percent of an average crop every year. While it is more profitable to harvest a full crop than to collect insurance this will at least be sufficient to tide the grower over the crop failure years, helping to keep up taxes, pay interest, and buy seed for the next year.

For more information on crop insurance in your county, see your county AAA committeeman.

**THE FEDERAL CROP INSURANCE CORP.**  
***U. S. Department of Agriculture***